

## Message Text

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ORIGIN EB-11

INFO OCT-01 EA-07 ISO-00 COME-00 INT-01 CIAE-00 INR-10

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----- 017334

R 042201Z JUN 74

FM SECSTATE WASHDC  
TO AMEMBASSY TOKYO

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E.O. 11652: N/A

TAGS:EIND, ETRD, JA

SUBJECT: US FERROUS SCRAP EXPORTS

REF: TOKYO 6520

I. IN JAPANESE EMBASSY FOLLOW-UP TO AMEMBASSY TOKYO  
APPROACH ON JAPANESE FERROUS SCRAP REQUIREMENTS FOR SECOND  
HALF 1974 (REPORTED REFTTEL), KINOSHITA AND HIS SUCCESSOR,  
YOKOYAMA (KINOSHITA WILL BE RETURNING TO TOKYO - MITI -  
LATER THIS MONTH), MET JUNE 3 WITH COMMERCE AND DEPTOFFS TO  
REITERATE DATA FURNISHED EMBASSY TOKYO, AND TO MAKE GOJ  
REQUEST FOR ABOLISHMENT OR RELAXATION OF USG SCRAP EXPORT  
CONTROLS.

2. IN RESPONSE TO GOJ REQUEST FOR ABOLISHMENT OF CONTROLS,  
USG OFFICIALS PARTICIPATING IN MEETING INFORMED KINOSHITA  
THAT WHILE USG HAS MADE NO DECISION YET CONCERNING  
CONTINUATION OF CONTROLS BEYOND SECOND QUARTER, IT APPEARED  
UNLIKELY THAT USG WOULD BE ABLE TO END CONTROLS AT THIS  
TIME. IN SUPPORT OF THIS VIEW THEY CITED RECENTLY RISING  
SCRAP PRICES, AND INCREASED US SCRAP DEMAND DESPITE AN  
EXPECTED SLIGHT DECLINE IN US STEEL PRODUCTION. US SCRAP  
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DEMAND EXPECTED TO INCREASE THIS SUMMER AS RESULT OF

SCHEDULED SHUTTING DOWN OF NUMBER OF BLAST FURNACES FOR RELINING AND MAINTENANCE. THIS WILL REDUCE AVAILABILITY OF PIG IRON AND INCREASE DEMAND FOR SCRAP. ON PRICES, USG PARTICIPANTS NOTED THAT AFTER PEAKING AT OVER 140 DOLLARS

IN EARLY APRIL, US COMPOSITE PRICE FOR NUMBER ONE HEAVY MELTING DECLINED STEADILY TO MID-MAY, WHEN IT BOTTOMED OUT AT 90 DOLLARS FOR FEW DAYS AND THEN BEGAN TO RISE AGAIN. AS OF MAY 31 COMPOSITE PRICE WAS 105.67 DOLLARS.

3. KINOSHITA THEN REQUESTED THAT (IF USG UNABLE TO ABOLISH CONTROLS) LOWER GRADES OF SCRAP BE EXCLUDED FROM CONTROLS, NOTING THAT US SCRAP USERS PREFER THE HIGHER GRADES, WITH LOWER GRADES TRADITIONALLY BEING EXPORTED. USG REPLIED IT WOULD STUDY THIS REQUEST, BUT INDICATED THERE LITTLE LIKHOOD THAT IT WOULD BE ABLE TO AGREE TO IT, NOTING THAT IN THIS PERIOD OF TIGHT SCRAP SUPPLY MANY US SCRAP CONSUMERS USING WHATEVER SCRAP THEY ABLE OBTAIN, INCLUDING LOWER GRADES.

4. IN REPLY TO QUESTION BY KINOSHITA, USG PARTICIPANTS SAID THEY EXPECTED USG DECISION ON THIRD QUARTER PROGRAM TO BE MADE SHORTLY, POSSIBLY WITHIN WEEK TO TEN DAYS. KISSINGER

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** STEEL, POLICIES, IRON, EXPORT QUOTAS, PRICES, SCRAP METALS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 04 JUN 1974  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** cunninfx  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
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**Film Number:** D740142-0564  
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**Handling Restrictions:** n/a  
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